

**Cotter Corporation**  
**General Office**

303-980-1292  
12596 WEST BAYAUD AVENUE, SUITE 350  
LAKEWOOD, COLORADO 80228

Mine File

**RECEIVED**  
NOV 20 1986

November 18, 1986

DIVISION OF  
OIL, GAS & MINING

Department of Natural Resources  
Division of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

Gentlemen:

Enclosed is our Application for Permit Transfer for permit number ACT/019/006. Said transfer is being made by Cotter Corporation (transferor) to Western States Resources (transferee). As we anticipate conveyance of the property in the near future, we request your attention toward this matter as soon as possible.

Sincerely,

Deborah M. Kulka  
Land Representative

DMK/th

Enclosure

cc: Western States Resources

Certified Mail No. P 112 741 757  
Return Receipt Requested

Form MR-10  
(September 1984)

OCT 27 1986

COTTER CORPORATION  
WESTERN SLOPE OPERATIONS

State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

RECEIVED  
NOV 20 1986

DIVISION OF  
OIL, GAS & MINING

APPLICATION FOR PERMIT TRANSFER

1. (a) Name, telephone number and mailing address of applicant:

Cotter Corporation  
12596 W. Bayaud Ave. Suite 350  
Lakewood, Colo. 80228 303-980-1292

- (b) Location of mining operation (county): Grand

- (c) Permit number to be transferred: ACT/019/006

- (d) The total number of acres in the permit area and an estimate of the total number of acres affected by the operation through date of transfer:

TOTAL PERMIT ACRES	DATE ISSUED	ESTIMATE OF AFFECTED ACRES
<u>Original Permit</u>		
<u>Eighteen (18)</u>	<u>March 21, 1978</u>	<u>Fifteen (15)</u>
<u>Approved Amendments</u>		
<u>None</u>		
<u>Total Acres</u>		
<u>Eighteen (18)</u>		<u>Fifteen (15)</u>

Attach a legal description of above acreages as Appendix "C" and original USGS Quad Map(s) with permit and amendment areas clearly shown and identified.

2. (a) Name, telephone number and mailing address of Transferee:

Western States Resources  
350 Park Road  
Moab, Utah 84532 (801) 259-8687

- (b) If Transferee is a partnership, association or corporation, the names and addresses of all owners, partners, managers and executives directly responsible for operations in this State:

2.(b) (continued)

Name:	<u>Michael D. Shumway</u>	Address:	<u>350 Park Road</u>
			<u>Moab, Utah 84532</u>
Title:	<u>Partner</u>	Phone No.:	<u>(801) 259-8687</u>
Name:	<u>Dick Shumway</u>	Address:	<u>1810 Shumway</u>
			<u>Moab, Utah 84532</u>
Title:	<u>Partner</u>	Phone No.:	<u>(801) 259-7893</u>
Name:	<u>                    </u>	Address:	<u>                    </u>
Title:	<u>                    </u>	Phone No.:	<u>                    </u>
Name:	<u>                    </u>	Address:	<u>                    </u>
Title:	<u>                    </u>	Phone No.:	<u>                    </u>

3. Name, telephone number and address of the authorized representatives of the Transferee to whom any notices under the provisions of the Utah Mined Land Reclamation Act, adopted thereunder may be sent:
- 
- 

4. Reclamation surety information:

Amount:	<u>\$17,961.00</u>
Form:	<u>Bond</u>
Company	<u>Aetna Insurance</u>
Date Issued:	<u>01-03-83</u>
Renewable Date:	<u>01-03-87</u>
Etc.:	<u>Renewed, 11-25-86</u>

5. The provisions of the transferred permit are severable, and if any provision of the permit, or the application of any provision of the permit, to any circumstance, is held invalid, the application of such provision to other circumstances, and the remainder of the permit, shall not be affected thereby.

SWORN STATEMENT OF TRANSFEROR

State of Utah )  
 ) ss.  
County of Colorado )

I Joseph P. McCluskey being duly sworn on my oath  
Name (typed or printed)

that I am the Transferor (Executive Vice-President if the Transferor is a corporation) for the foregoing mining permit transfer; that I have read the said application and fully know the contents thereof; that all statements contained in the permit transfer application are true and correct to my best knowledge and belief; by execution of this statement I certify that Transferor is in full compliance with the Utah Mined Land Reclamation Act, the Rules and Regulations promulgated thereunder, and the terms and conditions of Mining Permit No. ACT/019/006. Approval of this transfer by the Division of Oil, Gas and Mining does not constitute a conclusion that the Transferor is in full compliance.

Dated this 18th day of November, 1986.

NAME:

J.P. McCluskey

TITLE: Executive Vice President

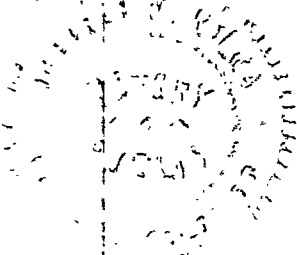
The foregoing instrument was acknowledged before me by:

J.P. McCluskey, this 18th day of  
November, 1986. Witness my hand and official seal.

Deborah M. Kutta  
(Notary Public or other authorized officer)

12596 West Bayaud Ave.  
Lafayette, Colorado 80228

My Commission Expires: August 9, 1988



FINAL SWORN STATEMENT OF TRANSFEREE

State of Utah )  
County of Grand ) ss.

I Dick Shumway - Mike Shumway being duly sworn on my oath  
Name (typed or printed)

that I am the Transferee (Executive Vice-President if the Transferee is a corporation) for the foregoing mining permit transfer; that I have read the said application and fully know the contents thereof; that all statements contained in the permit transfer application are true and correct to my best knowledge and belief; by execution of this statement I certify that Transferee has the right and power by legal estate owned to mine from the land for which this permit transfer is desired; that Transferee has not forfeited, or is not involved in forfeiture proceedings for, a bond posted for reclamation purposes; and by completion and submission of this application, hereby give consent to allow the Director, the Administrator and/or authorized representatives, at reasonable times and upon presentation of appropriate credentials, to enter upon and have access to any and all lands covered by this permit and amendments thereto and to inspect and copy any records or documents, obtain or monitor any samples or sampling, for any activities associated with the operation and permit.

Dated this 14<sup>th</sup> day of November, 1986.

NAME:

TITLE:

The foregoing instrument was acknowledged before me by:  
Dick Shumway and Michael Shumway this 14<sup>th</sup> day of  
November, 1986. Witness my hand and official seal.

Colara Davenport  
(Notary Public or other authorized officer)

My Commission Expires: 2-7-87



FINAL SWORN STATEMENT OF TRANSFEREE

State of Utah )  
 ) ss.  
County of Grand )

I Dick Shumway - Mike Shumway being duly sworn on my oath  
Name (typed or printed)

that I am the Transferee (Executive Vice-President if the Transferee is a corporation) for the foregoing mining permit transfer; that I have read the said application and fully know the contents thereof; that all statements contained in the permit transfer application are true and correct to my best knowledge and belief; by execution of this statement I certify that Transferee has the right and power by legal estate owned to mine from the land for which this permit transfer is desired; that Transferee has not forfeited, or is not involved in forfeiture proceedings for, a bond posted for reclamation purposes; and by completion and submission of this application, hereby give consent to allow the Director, the Administrator and/or authorized representatives, at reasonable times and upon presentation of appropriate credentials, to enter upon and have access to any and all lands covered by this permit and amendments thereto and to inspect and copy any records or documents, obtain or monitor any samples or sampling, for any activities associated with the operation and permit.

Dated this 14th day of November, 1986.

NAME:

TITLE:

The foregoing instrument was acknowledged before me by:

Dick Shumway Mike Shumway, this 14th day of  
November, 1986. Witness my hand and official seal.

Lalana Davenport  
(Notary Public or other authorized officer)

My Commission Expires: 2-7-87

THE STATE OF UTAH )  
 ) ss.  
DIVISION OF OIL, GAS AND MINING )

This is to certify that I have examined the foregoing application and do hereby grant the same subject to the following limitations and conditions.

1. This permit transfer grants only the right to affect the lands described in Appendix "C" of the permit.
2. The Transferee has acquired a good and sufficient reclamation bond fully executed and signed. The bond shall be effective on the date of transfer.
3. The Transferee, or such other person as required by UCA 1953, Title 40-8, has acquired a license to mine for lands described in Appendix "C" of the permit.

COMMENTS:

SEE ATTACHED Bonding ESTIMATE DATED 11-25-86  
FROM R. HARDEN

APPROVED:

James R. Nielson  
Director

Division of Oil, Gas and Mining

Effective Date: 11-25-86

Permit No.: ACT/019/006

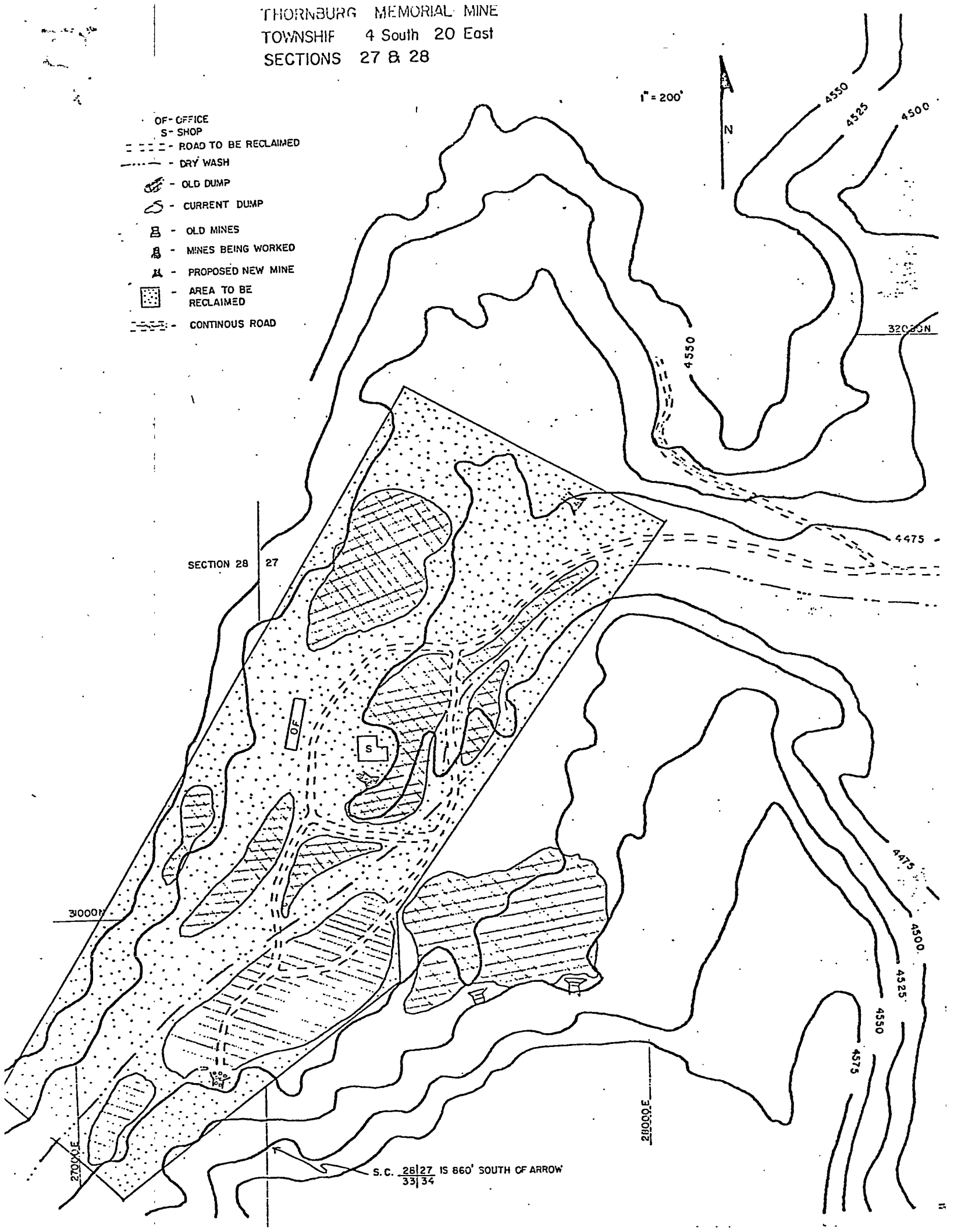
APPROVED AS TO FORM:

Assistant Attorney General

THORNBURG MEMORIAL MINE  
TOWNSHIP 4 South 20 East  
SECTIONS 27 & 28

- OF - OFFICE
- S - SHOP
- ROAD TO BE RECLAIMED
- - - DRY WASH
- OLD DUMP
- CURRENT DUMP
- OLD MINES
- MINES BEING WORKED
- PROPOSED NEW MINE
- AREA TO BE RECLAIMED
- CONTINUOUS ROAD

1" = 200'



S.C. 26/27 IS 860' SOUTH OF ARROW  
33/34



NONCOAL  
(August 1986)

State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
3 Triad Center, Suite 350  
355 West North Temple  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

COLLATERAL BONDING AND INDEMNITY AGREEMENT

THIS COLLATERAL BONDING AND INDEMNITY AGREEMENT entered into by and between Western States Resources (hereinafter referred to as "Operator") and the Utah Division of Oil, Gas and Mining (hereinafter referred to as "Division"),

W I T N E S S E T H

WHEREAS, the Operator has obtained Program Permit No. ACT/019/006 (hereinafter referred to as "Permit") from the Division to conduct mining and reclamation activities at the Thornburg Memorial Mine in Grand County, Utah, as a mine under the Utah Mined Land Reclamation Act, Utah Code Annotated, 40-8-1, et seq, 1953, as amended ("Act") and implementing regulations; on the disturbed areas designated in Exhibit A; and

WHEREAS, the Operator wishes to obtain a bond under 40-8-14(3); and

WHEREAS, the Operator has provided a(n) Certificate of Deposit issued by First Security Bank (Exhibit B), naming the Division as Beneficiary, as collateral to secure this Collateral Bonding and Indemnity Agreement; and

COLLATERAL BONDING AND INDEMNITY AGREEMENT - NONCOAL

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Operator does hereby agree to be held and firmly bonds to the Division for the sum of \$6,600.00(1991) year dollars) for the timely performance of reclamation responsibilities for Permit No. ACT/019/006 in lawful money of the United States. By the submission of this Certificate of Deposit (form of collateral will and truly binds itself, its successors and assigns, jointly and severally, by the conditions of this Agreement.

The conditions of the above obligations are such that:

1. The Operator shall perform all duties and fulfill all requirements applicable to mining and reclamation as set forth in the Act, and regulations adopted pursuant to the Act and the conditions of Permit No. ACT/019/006 issued by the Division.
2. The liability under this Agreement is conditioned upon successful reclamation of the permit area as provided in the Mining and Reclamation Plan for Permit No. ACT/019/006 for a period of time and in the manner specified in the Act and regulations adopted pursuant thereto as amended from time to time, and the conditions set forth in Permit No. ACT/019/006 issued by the Division.

3. The Operator does hereby jointly and severally agree to indemnify and hold the Division harmless from any claim, demand, liability, cost, charge or suit brought by a third party, as a result of the Operator's failure to abide by the term and conditions of the Mining and Reclamation Plan as set forth in Permit No. ACT/019/006 and from any failure to comply with the terms of this Agreement.
4. Upon successful completion of part or all of the obligations secured hereby, the Operator may petition the Division for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division shall timely conduct an inspection to ascertain whether the duties and obligations of Western States Resources under the Act, regulations adopted pursuant thereto and Permit No. ACT/019/006 have been fulfilled. If such duties and obligations have been fulfilled, the Division shall release the Operator from part or all of its obligations under this Agreement and shall file notice of such release of collateral held by the Division.
5. This agreement shall be reviewed periodically by the Division, or reviewed upon petition by the Operator, in accordance with the Act and implementing regulations and

COLLATERAL BONDING AND INDEMNITY AGREEMENT - NONCOAL

the amount of liability under this agreement may be adjusted upon written agreement between the Operator and the Division where it is clearly established that the cost of future reclamation has materially changed.

6. This Agreement may be terminated upon ninety (90) days prior written notice to the Division if terminated by the Operator or upon ninety (90) days written notice to the Operator if terminated by the Division. Upon such written notification, the Operator will have ninety (90) days to obtain an alternate form of bond to secure reclamation obligations for Permit No. ACT/019/006 in the same amount as stated in this Agreement or amendments thereto.
7. Failure to provide a satisfactory alternative form of bond will result in the complete cessation of all mining operations and the complete reclamation of all disturbed areas within the Thornburg Memorial Mine permit area.
8. Any breach of the provisions of paragraph #8 of this Agreement will result in the payment of \$6,600.00 (bond amount) liquidated damages to the Division.
9. This Agreement will be governed and interpreted according to Utah law.

SO AGREED this 25th day of November, 1986.

COLLATERAL BONDING AND INDEMNITY AGREEMENT - NONCOAL

Western States Resources

By Michael Shumway  
Officer - Position

By Shumway  
Officer - Position

STATE OF UTAH, DEPARTMENT OF  
NATURAL RESOURCES, BOARD OF  
OIL, GAS AND MINING

By Gregory P. Williams, Esq.  
Chairman, Board of  
Oil, Gas and Mining

APPROVED AS TO FORM:

Edward Roberts  
Assistant Attorney General

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 25 day of November, 1986, personally appeared  
before me MICHAEL SHUMWAY and DICK SHUMWAY who  
being by me duly sworn did say that <sup>they</sup> ~~he/she~~, the said MICHAEL SHUMWAY  
AND DICK SHUMWAY <sup>ARE</sup> ~~is~~ the PARTNERS of WESTERN  
STATES RESOURCES and said instrument was signed in behalf  
of said corporation by authority of its bylaws or a resolution of  
its board of directors and said DICK SHUMWAY  
and MICHAEL SHUMWAY duly acknowledged to me that said  
corporation executed the same.

COLLATERAL BONDING AND INDEMNITY AGREEMENT - NONCOAL

Marjorie L. Anderson  
Notary Public  
Residing at: Salt Lake City, Utah

My Commission Expires:

July 24, 1989

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 25<sup>th</sup> day of November, 1986, personally appeared before me Gregory P. Williams, Esq. who being by me duly sworn did say for himself, that he, the said Gregory P. William, Esq. is the Chairman of the Board of Oil, Gas and Mining, Department of Natural Resources, state of Utah, and ~~he~~ duly acknowledged to me that said Division executed the foregoing document by authority of law on behalf of the state of Utah.

Marjorie L. Anderson  
Notary Public  
Residing at: Salt Lake City, Utah

My Commission Expires:

July 24, 1989



